Borrego Solar Systems, Inc.
55 Technology Drive, Suite 102 Lowell, MA 01851
Tel: 978-513-2600, Fax: 617-208-1288
www.borregosolar.com

March 7, 2016

***Via Email: executive.director@puc.nh.gov***

Debra A. Howland, Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, NH 03301-2429

RE: DE 10-212, Commercial and Industrial Solar Rebate Program

Dear Executive Director Howland:

Thank you for the opportunity to comment on the proposed revisions to the Commercial and Industrial Solar Rebate Program Energy Program - specifically to address the following issues:

- Incentive levels and caps;
- Implementation and enforcement of an applicant/installer/development team cap;
- Milestones required to maintain rebate approval; and
- Treatment of systems that want to net meter, but are currently waitlisted due to utility net metering program limits.

We understand the primary purposes of the proposed modifications include the following:

- To simplify and streamline administration of the program;
- To reduce pre-installation administrative burdens on applicants, installers, and PUC staff;
- To eliminate unnecessary delays in installing systems resulting from extensive review of incentive applications prior to eligibility approval, by deferring submission of full supporting documentation until Step 2 of the application process;
- To add, drop, or modify certain program terms and conditions based on experience with application processing and program administration over the past year;
- To emphasize program compliance certification by the installer and applicant, rather than program compliance documentation, during Step 1 of the application process;
- To clearly describe the potential consequences of and recourse based on failure to meet required program terms and conditions, including the quality of installed equipment and project construction;
- To introduce interim milestone events that must be met in order to maintain incentive approval in the program; and
- To provide incentive payments for more projects by lowering the incentive levels and placing a dollar cap on each Category 2 project rebate.

Given we only work on projects above 100kw, unless otherwise noted, the below comments are in reference to projects >100kw and the proposed process in Table 2 of the DRAFT rules.

- Incentive levels and caps – Items 1 and 4
    - In the interest of re-opening the program as quickly as possible and putting the available funds in the commercial program to work getting projects built, we recommend the PUC stay the course with a capacity based incentive.

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- Once docket DE 15-271 is concluded and a long term tariff for solar is established in the state we would recommend this program be revisited and Staff consider a performance based incentive. While this may change with time, currently we recommend Staff look to elements of the NY declining block program structure. Specifically the "performance based" component of the program is of interest, as is the declining incentive structure (designed to match expected improvements on the cost side). We contend that the blocks in the NY program decline too quickly and that NH look more closely as these levels as they design a program. Info on the NY program - http://ny-sun.ny.gov/For-Installers/Forms-Manuals-Tools
- With regards to the capacity based incentive levels, in collaboration with Ted Vansant of NEC Solar Services we present the following recommendations.
  - Given the economies of scale with larger systems, a linear formula be used to calculate a declining rebate amount for projects 100kw AC and up. We recommend the following formula:
  - **Rebate $ = (-0.0005 * system size AC watts + 0.7977) * system size in AC watts**
    - While this is actually a higher rebate than that which is currently being offered for 100kw-300kw, it represents a decline in projects from 300kw-500kw.
      - Decreased electricity rates, the reality of the impact to paybacks for large businesses looking to go solar under RSA 362-A:9, IV (b) which effectively trade $ instead of kwh with the utilities when the system overproduces, (rules :"For facilities with a total peak generating capacity of more than 100 kilowatts, the customer-generator shall pay all applicable charges on all kilowatt hours supplied to the customer over the electric distribution system, less a credit on default service charges equal to the metered energy generated by the customer-generator and fed into the electric distribution system over a billing period."), Eversource's stance to bill and credit large customers under rule 903.02 (g) on a 30 minute increment rather than a 1-hour increment as in Unitil service territory, and the likely removal of the temporary recovery costs of .0172 from the default service rate due to the settlement related to the Merrimack Station scrubber costs as approved by the commission under DE 11-250 all support these changes.
    - We found this formula to be very accurate (99.87%) in achieving the required sub 5 year payback business owners need to invest in solar over the project size range.
  - We recommend the project size cap be removed altogether and the monetary cap for any single project be raised to $275,000.
    - We realize this $ figure may seem high at first, but coupled with the team cap below and the goal to get these funds out and working quickly, we recommend raising these limit to encourage the funding of the greatest cross section of projects.

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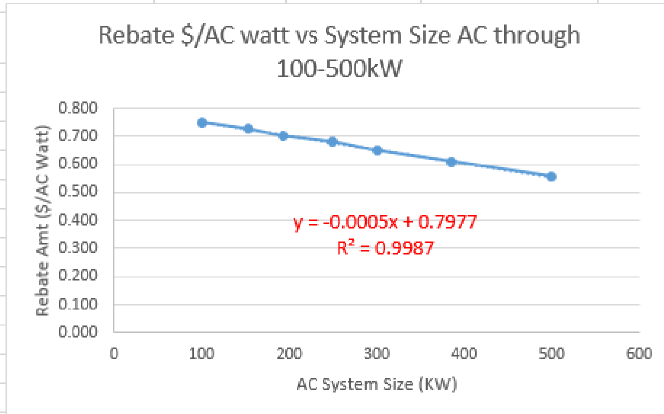


| AC system size | System Size DC | Required Rebate in $/AC W | Calculated Rebate in $/AC W | Rebate $ |
|---|---|---|---|---|
| **100** | 130 | 0.750 | **0.75** | $ 74,770 |
| 154 | 200 | 0.726 | 0.72 | $ 110,889 |
| 192 | 250 | 0.702 | 0.70 | $ 134,913 |
| 250 | 325 | 0.680 | 0.67 | $ 168,175 |
| **300** | 390 | 0.650 | **0.65** | $ 194,310 |
| 385 | 500 | 0.611 | 0.61 | $ 232,843 |
| **500** | 650 | 0.558 | **0.55** | $ 273,850 |
| 750 | 975 | | 0.37 | $ 275,000 |
| **1000** | 1300 | | **0.28** | $ 275,000 |
| 1500 | 1950 | | 0.18 | $ 275,000 |

Formula to describe relationship:

Rebate $= (-0.0005 * system size AC watts + 0.7977) * system size in AC watts

Cap of $275000 for any one project

No project size cap

- Borrego Solar further recommends an additional incentive be considered to support systems feeding municipalities and non-profits.
    - The PPA model adds cost to the transaction with the additional party, legal costs, bankability requirements, etc. We would be happy to help model reasonable adders if the PUC would like to go down this road, but did not have time to do so between the hearing and deadline for comments.
    - In considering the support of these project types, sites with no on-site load would require 100% GNM and therefore receive credit only at the default service rate. As a result, these projects are less attractive. Siting the project where there was on substantial on-site load would be the best use of funds under this structure.
    - Upon opening of the program a fixed $ amount could be specifically allocated to these project types and in the event the program is oversubscribed, these projects would queue separately and have a lottery separate from the other projects. If the program was undersubscribed upon reinstatement, then funds would get allocated throughout the FY under a first come first serve basis, observing team cap rules.

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- Implementation and enforcement of an applicant/installer/development team cap – Item 12
  - If the goal is to limit concentration risk, we recommend the maximum rebate allocation per Applicant/Team be changed to a percentage of the program budget for each fiscal year. Funds should be allocated based on Step 1 and the cap be evaluated against the FY budget. Assuming the Applicant/Team is in good standing they should be able to reserve up to the maximum % of the budget each FY. We recommend somewhere between 30-40% be set as the maximum.
    - Depending on funding levels and incentive caps limiting the quantity of applications by each Applicant/Team to 4 will result in varying level of concentration risk as funding changes each FY.
  - We also echo comments made by Jack Ruderman of Revision Energy that the PUC provide Staff with the authority to make a determination in the event that someone attempts to game the system.

- Milestones required to maintain rebate approval - Item 39
  - We will follow up with comments on this item later this week.

- Treatment of systems that want to net meter, but are currently waitlisted due to utility net metering program limits
  - We will follow up with comments on this item later this week.

- Other
  - Item 7 – Maximum Incentive Level in combination with other incentives received
    - We echo comments made during the hearing stating non-profits be exempt from the limits set forth in the current and proposed rules. No limit.
  - Item 35 – Rebate Payment
    - We recommend language be added to allow the Applicant to revise the payee prior to Step 2. In the case of third party ownership the project company may not be established at the time of Step 1 and or the ownership of that project company will change during the financing of the project.

Thank you again for the opportunity to comment and for your consideration of these comments. We are happy to discuss any of these issues further if you wish. We believe that with the above changes, the program rules will help guide a successful, efficient, smooth-functioning program. We look forward to seeing final program rules and to getting to work.

Sincerely,

Chris Anderson
Senior Vice President, CoFounder
Borrego Solar Systems, Inc.
canderson@borregosolar.com